



Testimony of LeadingAge Connecticut
Submitted to the
Program Review and Investigations Committee
Regarding the Study "Medicaid: Improper Payments"
Friday, June 29, 2012

LeadingAge Connecticut is a membership organization representing over 130 mission-driven and not-for-profit provider organizations serving older adults across the continuum of care including nursing homes, residential care homes, housing for the elderly, continuing care retirement communities, adult day centers, home care and assisted living agencies. LeadingAge Connecticut was formerly named the Connecticut Association of Not-for-profit Providers for the Aging (CANPFA).

LeadingAge Connecticut submits the following testimony regarding the Program Review and Investigations Committee's study, *Medicaid: Improper Payments*, which will describe and evaluate the processes the state uses to prevent, detect, and recover any improper payments in the Medicaid program due to fraud, abuse and errors.

Fraud and abuse has no place within the health care system and should never be tolerated within the Medicaid program. As Medicaid providers, the members of LeadingAge Connecticut understand, accept and support the need to protect the integrity of the program through state oversight and audits. We encourage efforts to ensure that the oversight and audit processes used by state government are both fair and balanced and are designed so as not to add unnecessary expense to the health care field.

LeadingAge Connecticut has previously called for oversight methods and audit practices that are efficient and cost effective and which do not place unnecessary burdens on law abiding providers. For instance, in the past we called for legislation to require that the state conduct routine audits in a timelier manner. Some of our members have been subjected to audits initiated up to ten years after the service year being audited. In these cases, providers have often found it extremely difficult to locate the documentation and paperwork requested. We have also found that state Medicaid audits result in findings and disallowances based on requirements and standards that are unclear, outdated or, in some cases, simply do not exist. While the state has updated and revised some Medicaid payment regulations, in many cases, the Medicaid regulations and policy provisions against which providers are judged through audits remain overly general, vague or insufficient. Effective auditing requires clear audit standards. Yet because standards are not clear, many providers find that they learn about a state Medicaid policy interpretation for the first time through an audit because the interpretation was never set forth in regulation or policy. And often the stakes are high because

errors are extrapolated across the entire universe of Medicaid claims for the audit period, resulting in large refunds due to the state. An effort should be made to update and clarify Medicaid payment requirements to ensure a fair and balanced oversight processes.

We urge the state and federal government to implement oversight and audit practices that are fair and balanced and to design methods and processes that allow compliance to be performed as efficiently and cost effectively as possible. We also urge the state to make sure that the audit standards, which consist of state Medicaid payment regulations and policy provisions, are updated and clarified. While oversight is imperative to maintaining the integrity of the Medicaid program, it should not add unnecessary costs and burdens to the system. Given limited resources, it is important that the state's audit efforts focus on areas and providers that pose a true risk of fraud, waste, abuse and errors.

Finally, we would be happy to work with the state to encourage collaboration in the audit process. Many providers conduct their own internal compliance audits and reviews. The state informally accepts provider self-reports of overpayments and, based on our experience, has been willing to work with the providers that have made these reports in a productive and non-punitive manner. It would be helpful to ensure that a fair process remains in place to enable providers to make self-reports without fear of punishment or a costly and time consuming path to resolution.

Thank you for the opportunity to submit this testimony. LeadingAge Connecticut offers our assistance to the staff and members of the Committee as you pursue this study.

Respectfully submitted,

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